Economics project B:

Recent developments in the technology industry can affect the marketing and pricing of ipads in different ways.

Firstly would be the upcoming release of ipad 2, resulting in the change of taste of consumers. Ipad 2 will be installed with more functions, hence making it more attractive to buyers. This would lead to the decrease of ipads’ demand as an increasing number of people would choose to buy the more advanced ipad 2 despite it being more expensive than the ipad. Hence ultimately, the price of ipads will decrease as the demand of it decreases.

Secondly would be the price of substitutes. Substitute products are alternative products that satisfy the same wants or needs of the consumer. An example of substitute of ipad would be the recently released ‘Samsung Galaxy Tab’. The Samsung Galaxy Tab is an Android-based compact tablet computer which has the same functions as the ipad. Some people might choose to buy the Samsung Galaxy Tab instead of the ipad as it is offered at a lower price, and also serves the similar needs of the people. Hence, though the price of ipad remains the same, its demand decreases as there is a cheaper alternative present, hence affecting the market of ipads.

Thirdly, the recent disaster in Japan has affected the production of ipad components in Japan. The touchscreen of the ipad requires Japan’s Epson company to supply for the liquid-crystal display, which would decrease due to the presence of natural disaster. This decreased supply of the liquid-crystal display then leads to the increase in price of the display, causing there to be an increased production cost per unit of ipads. Ultimately, the supply of ipads would decrease as higher production cost is incurred. Hence, the price of ipads would increase.

Lastly, government legislation has impacted the pricing and marketing of ipads, especially in China. Recent research showed that Apple’s iPad had received a safety certification mark from the Chinese regulators, which means Ipad is now allowed in China. This puts it in an advantage as a popular tablet computer in China in the future. Subsequently, the popularity of Ipads would increase, hence benefiting the market of ipads. Though the price of ipads remain the same, the demand increases, thus the producers would be motivated by their profits and increase their supply.

Resources:

http://www.businessweek.com/technology/content/apr2010/tc2010046\_788280.htm

http://www.macworld.com/article/153145/2010/08/ipad\_china.html

http://galaxytab.samsungmobile.com/

http://www.apple.com/ipad/features/